Management Audit: Department of Conservation Fleet/Flight Operations

Prepared for the Committee on Legislative Research
by the Oversight Division

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January, 1997

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January, 1997

Members of the General Assembly:

As authorized by Chapter 23, RSMo, the Committee on Legislative Research adopted a resolution in May, 1996 directing the Oversight Division to perform a management audit of the Fleet/Flight Operations which included examination of records and procedures in the Department of Conservation to determine and evaluate management performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

Senator Harry Wiggins, Chairman

Representative Larry Thomason, Vice Chairman

EXECUTIVE SUMMARY

The Missouri Department of Conservation, charged with the control, management, restoration, conservation and regulation of the bird, fish, game forestry and all wildlife resources of the state, employs approximately 1700 full time employees in its thirteen divisions. The Division of Operations is responsible for a wide range of support services including procurement, repair and disposition of fleet, marine and other mechanical equipment as well as management of the aircraft fleet. As of September 1, 1996, the department had 376 sedans, station wagons, vans, carryalls and utility vehicles; 902 trucks; 124 all-terrain vehicles; 239 tractors; 1,055 boats; and 995 boat motors and trailers. In addition, the department also operates and maintains three Cessna aircraft, one helicopter, hundreds of farm implements, pumps and other equipment. They replace roughly 200 vehicles per year.

Is the Department Utilizing its Vehicles in the Most Efficient Manner? The department has a policy of replacing vehicles when they reach a usage of 80,000 miles. Oversight reviewed a sample of forty-two vehicle purchases totaling $782,020 and discovered that the average number of days from receipt of the vehicle to placement in service was 79 days. In fact, 40% of the vehicles set idle on Conservation property for an average of 144 days until the units they were to replace attained their targeted mileage. Oversight recommends the department salvage vehicles immediately when the replacement arrives, with lower mileage if that be the case. The department maintains a pool of vehicles at the department headquarters in Jefferson City which were used only 61% of the time during FY96. Reimbursement of mileage for personal vehicle usage at this location during FY96 totalled $48,176 (173,439 miles) to 151 employees. Of these employees, 13 of them also have a permanently assigned vehicle. Forty-five percent (80,345 miles) of the reimbursed miles were driven by senior department staff. Nearly 25% of the 144 permanently assigned vehicles were driven less than 10,000 miles per year. Department procedures do not clearly distinguish when employees are required to report personal usage of department vehicles and in fact, are contradictory regarding personal usage. In practice the department does not require vehicle logs to record vehicle usage and relies entirely on employee discretion to ensure that usage is proper. Oversight noted instances where employees living in Jefferson City used state vehicles to commute to the Jefferson City office, where state vehicles were being used to go to and from lunch, and where a department boat was being used on a personal camping trip. Oversight also noted that a portion of the department's boats are devoted solely for public relations purposes.

Are the Department's Maintenance Services for its Fleet Cost Effective? Due to excessive idle time of staff in department maintenance facilities, costs for maintenance is high. Oversight determined that department maintenance facilities spent only 61.18% of

available work hours on the maintenance and repair of department equipment in FY96. Total salary and fringe benefits for 25 maintenance staff at 7 locations for FY96 was $854,611, therefore it is estimated that $331,760 was spent on idle time. The average cost for in-house maintenance was calculated at $25.75 per hour. The cost of an oil change and lube service at a department facility averaged $33 to $36 while outside vendors were charging $18 to $23. The department has not done formal studies to determine whether it would be in the state's best interest to contract out the routine maintenance of their vehicles. In addition to the cost, down time of equipment and vehicles was examined. Equipment repair job sheets revealed an average of 11.02 days in the shop for repairs. Of the sample examined, 45% of the pieces of equipment remained in the shop for an average of 23.36 days.

Does the Department Have Adequate Controls to Safeguard Its Assets? The department currently has 34 bulk fuel issue points where employees may fuel their vehicles and equipment on the "honor system". Total fuel purchases for the department are approximately $1.4 million annually. Department employees have keys to the bulk fuel tanks and they are basically self-service gas pumps. Department personnel stated that they do not get concerned about variances in the gallons pumped out until they reach 100 gallons. Oversight examined one of the issue points and found variances exceeding 100 gallons in three of the twelve months examined. In all three instances the supervisor signed off on the reconciliation as being reviewed and approved. On one of the three forms it was written that the pump was left on over two weekends. The same individual has keys to the pump, performs the reconciliation, orders and generally receives the fuel when it is delivered. While the honor system may have been sufficient to satisfy management in the past, Oversight recommends it be discontinued and a new system implemented to monitor and control the issuance of bulk fuel. In addition, the department expends $246,000 annually for parts and supplies which are issued out of their maintenance facilities. These parts and supplies are not subject to annual inventory as the department feels that such control procedures would be cost prohibitive. Vehicle titles, license plates, and gasoline credit cards are not adequately safeguarded. In fact, it was discovered that a vehicle title was missing at each of the last two department auto auctions.

This audit includes Oversight's findings along with recommendations for changes in management practices and procedures. The Department of Conservation's official responses to the findings and recommendations are incorporated into the report. Our audit was performed in accordance with generally accepted government auditing standards as they relate to program and performance audits. We did not examine departmental financial statements and do not express an opinion on them.

We acknowledge the cooperation and assistance of staff of the Department of Conservation during the audit process.

Jeanne A. Jarrett, CPA, CGFM
Director, Oversight Division

Introduction

The Joint Committee on Legislative Research directed the Oversight Division to conduct a management audit of fleet services within the Department of Conservation. This audit provides the General Assembly with information as to whether the management of fleet assets in the Department of Conservation is being performed efficiently and effectively, and whether these assets are being used as intended.

Background

The Missouri Department of Conservation (MDC) was constitutionally created in 1937 in response to public demand for better management of state wildlife and forest resources. The Department is governed under Chapter 252 RSMo, and headed by a four member Commission appointed by the governor with the advise and consent of the Senate. Specifically, the Commission is charged with the "control, management, restoration, conservation and regulation of the bird, fish, game, forestry and all wildlife resources of the state".

In 1977, the department received additional funding as the result of a constitutional amendment which earmarked a one-eighth of a cent sales tax for conservation purposes. Since the enactment of this amendment, the department has acquired approximately 405,000 acres of public land for wildlife, fisheries and forestry conservation, and public recreation as well as expanded many programs dealing with endangered species, non-game wildlife and natural areas. Currently, the department owns and manages approximately 715,000 acres of the state's 44 million total acres. Other sources of revenue for the department are receipts from the sale of hunting and fishing permits; federal match funds received under the Endangered Species Act for forestry, wildlife, and fisheries; and one-time grants and contracts. The department has an operating budget of $102,072,285 for FY97.

The department employed 1,708 full time employees (FTE) as of June 30, 1996, and is organized into thirteen divisions. These divisions include Forestry, Fisheries, Wildlife, Protection, Natural History, Engineering, Planning, Public Affairs, Information Services, Education, Human Resources,

Operations and Fiscal Services. The Division of Operations is responsible for a wide range of support services including procurement, repair and disposition of fleet, marine and other mechanical equipment and management of the aircraft fleet. As of September 1, 1996, the department had 376 sedans, station wagons, vans, carryalls and utility vehicles; 902 trucks; 124 all-terrain vehicles; 239 tractors; 1,055 boats; and 995 boat motors and trailers. In addition to these 3,691 pieces of equipment, the department also operates and maintains hundreds of farm implements, pumps and other equipment. The department aircraft fleet consists of three fixed-wing Cessnas and one helicopter which was purchased in FY97. Prior to the purchase of the helicopter, the department had been leasing a helicopter since September 25, 1993.

The Operations Division prepares and distributes annually, a list of vehicles anticipated to qualify for replacement based on established replacement criteria and current usage rates. Replacement Vehicle Schedules for Fiscal Years 94, 95 and 96 revealed there were 196, 221 and 205 vehicles, respectively, meeting the replacement criteria of 80,000 maximum lifetime miles. An annual replacement schedule for boats is not developed. Boats are replaced based on condition, and within the replacement criteria that each division establishes. Replacement boat purchases for Fiscal Years 94, 95, and 96 were 27, 37, and 43 respectively.

Objectives

The primary objectives of the audit were to inform the General Assembly whether the funds appropriated to the Department of Conservation for the procurement and maintenance of fleet assets are being used as intended, and whether management is operating in an efficient and effective manner. Specifically, the audit focused on the following eight objectives:

- To evaluate the efficiency of fleet equipment purchases.
- To evaluate procedures for the disposal of department equipment.
- To evaluate the efficiency and effectiveness of equipment maintenance procedures.

- To determine if fleet equipment is being used at an appropriate level.
- To evaluate the effectiveness of inventory controls over fleet equipment.
- To evaluate the efficiency of controls over fuel usage in department equipment.
- To evaluate the usage and efficiency of fleet aircraft operations.
- To evaluate the efficiency of department watercraft operations.

Scope

The scope of the audit focused on the fleet, marine, and flight operations within the Department of Conservation for fiscal years 1994 through 1996. Pertinent records reviewed for that time period included department budgets, position descriptions, department policies and procedures, equipment purchase orders, vehicle expense reports, inventory records, equipment repair records, monthly pilot flight reports, and equipment replacement schedules.

Methodology

The Oversight Division conducted the audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States, as those standards relate to performance audits. The methodology used by the Oversight Division included sample tests of transactions, interviews with department personnel, and evaluations of management controls to the extent necessary to fulfill our audit objectives. The Oversight Division concentrated primarily on the following procedures:

- Reviewing equipment purchase criteria and corresponding replacement schedules.
- Reviewing department equipment disposal criteria, and sampling the

usage level of property currently in use.

- Reviewing equipment maintenance procedures and department run maintenance facilities.
- Reviewing department policy and reporting requirements for personal use of department vehicles.
- Reviewing inventory procedures and controls on fleet equipment.
- Reviewing fuel purchase, usage, and reconciliation procedures.
- Reviewing aircraft policies and procedures, along with corresponding flight records.
- Conducting numerous interviews with various department personnel.
- Reviewing on-site the operations of department maintenance facilities, the department flight facility, and a district headquarters office.

Findings/ Recommendations/ Agency Responses

FINDING #1:	**Vehicle purchases are not being accomplished in an efficient manner, resulting in new department vehicles sitting unused for an excessive length of time after they are received.**

Department policy states that the Operations Division will annually prepare and distribute a list of vehicles anticipated to qualify for replacement based on established criteria and current usage rates. This list is reviewed by the appropriate Division Chief who can make changes to the list due to unanticipated changes in vehicle usage. The resulting replacement list must then be included in the department budget request.

The Operations division has established that vehicles will be replaced when they are projected to reach 80,000 miles. Replacement Vehicle Schedules for Fiscal Year 94, 95 and 96 revealed that there were 196, 221 and 205 vehicles, respectively, meeting replacement guidelines. Operations prepares this schedule by taking the mileage on the vehicle for the last 12 months and doubling it. This amount is then added to the current vehicle mileage to see if it exceeds the established 80,000 mile replacement criteria. Oversight compared vehicles currently in use that were approaching replacement to the replacement schedule. Not all vehicles listed on the replacement schedule were replaced in accordance with the schedule. The primary reason for vehicles not being replaced was that the vehicles did not exceed their maximum lifetime mileage as projected by Operations. There were also vehicles currently in use that exceeded the maximum lifetime mileage, but the vehicles were not found on the replacement schedule. It appears that the projection basis utilized by Operations does not take enough variables into account, and is inadequate at projecting actual replacement needs.

All new vehicles purchased by the department are received primarily at two maintenance facilities. When these vehicles are received, department maintenance employees prepare the vehicles for use (i.e. install radio, siren etc.). Oversight conducted a review of all new vehicle work orders for a three month period in FY 96 at one department maintenance facility. The review consisted of determining the number of days that had elapsed between the date of delivery and the date that the vehicle is put into service. Records reviewed show that there were forty-two vehicles with a total cost of $782,020 that were put in service in those 3 months. The average number of days between the delivery and the service date for these 42 vehicles was 79 days. Seventeen of these 42 vehicles (40%) averaged 144 days. Oversight determined that the time lag between the delivery and the transfer date is due to the fact that all vehicles are purchased and also received at one time, and some vehicles being replaced have not reached their maximum lifetime mileage at the time of delivery and the new vehicle is held until it does.

RECOMMENDATIONS TO FINDING #1

Oversight recommends that the department develop a more effective and accurate method of projecting vehicle replacement needs, to ensure that vehicles are replaced only when necessary.

Oversight also recommends that the department consider purchasing vehicles at several intervals throughout the year instead of all in one purchase. This would allow new vehicles to be integrated immediately into the fleet, and would eliminate the time that vehicles are idle before usage. This recommendation would also increase the resale value of vehicles, as they could be salvaged sooner with lower mileage.

Agency Response to Finding #l

Vehicles are not replaced more often than necessary as suggested. A second projection list is prepared for replacement vehicles a year after the first. Those vehicles that will not reach the original projection for replacement are not replaced, even though money might have been budgeted. We replace vehicles prior to mileage guidelines only when they are needed to be held over as replacement loaners. Typically, these vehicles may be short of replacement guidelines only a few hundred miles.

It is true, the Department method of projecting vehicle replacements looks only at the previous 12 months of usage in order to determine a base usage rate. Plans are underway to change the method to look at the previous 24 or 36 months of usage to determine a more accurate base usage rate. This will improve the accuracy of our replacement projections, however, we do not expect a dramatic difference. Certainly it will not result in fewer replacements, as suggested.

Perhaps we should consider taking vehicles out when short only a few hundred miles if a new replacement is waiting. This could reduce total time new vehicles sit unused. However, we would need to be careful this policy was not abused and vehicles replaced that should be operated another year.

It is impractical to purchase vehicles more than once during the year as suggested and would lead to enormous cost differences. The Department purchases most vehicles from state contract which provides only one very narrow window of opportunity for ordering vehicles. State vehicles are purchased at a very advantageous price because of substantial public fleet price concessions made to the State by the vehicle manufacturers. These concessions come only from the manufacturers and come only once a year. The contract for pickups, for example, is normally not established until late November or early December because manufacturers hold open their options for granting the price concessions until they are ready. The concessions vary from year to year and are based entirely on the retail

market. The factory cutoff for orders from this contract falls typically within 90 days, and also is not announced until manufacturers decide they have all the fleet orders they need to fill out their production capacity. This means all orders for the year for pickups of all sizes must be in by the time they cut off orders. To order vehicles at any other time means we buy from the retail market and a sacrifice of the price concessions resulting in prices perhaps 25% higher.

FINDING #2:	**Due to excessive idle time of staff in department maintenance facilities, costs for maintenance of vehicles is high.**

The Operations Division currently operates 7 maintenance centers which employ a total of 25 full-time employees (FTE). Oversight determined total available work hours for each of the department maintenance centers based on the number of employees that perform maintenance. The total hours actually spent on maintenance and repair was determined from monthly activity reports that are submitted by each of the maintenance centers. The total available work hours for FY 96 was then compared to the total hours spent on maintenance and repair as submitted on the monthly activity reports. Oversight determined that department maintenance facilities spent only 61.18% of available work hours on the maintenance and repair of department equipment in FY 96. The total salary and fringe benefits for the employees of the Operation's Division maintenance centers for FY 96 was $854,611. The cost of available maintenance hours spent not working on maintenance was determined to be $331,760 ($854,611 x 38.82%).

Oversight reviewed the number of days that equipment spends in department maintenance facilities in order to determine whether there is excessive downtime of equipment for maintenance. The equipment repair job sheets of one department maintenance center for a three month period during FY 96 were used for the review. During the three month period there were 125 pieces of equipment that required maintenance and repair. Oversight determined that these 125 pieces of equipment averaged 11.02 days in the shop. Of the 125 equipment repair job sheets reviewed, there were 56 (44.8%) pieces of equipment that were in the maintenance center for an average of 23.36 days.

The average cost for department maintenance personnel was calculated to be $25.75 per hour for FY 96. Oversight could not make a comparison of department maintenance costs per hour to outside vendors, as there is not a standard labor rate per hour throughout the state. Based on interviews with department personnel Oversight determined that there has never been a formal study comparing the cost for outside vendors to in-house maintenance personnel. Department maintenance personnel stated that the shops have an adequate work load and that downtime can be attributed to poor recordkeeping. They also stated that they could not contract out for some of the things that the shops currently do (i.e. fabricating items of equipment, preparing vehicles for use or disposal, preventative maintenance, etc.). Oversight contacted several states and found that some have been successful at contracting out for services. Texas bids out all of their maintenance to several different vendors depending on the specialty that is required. They found by doing this that they receive some very competitive prices, and they also have eliminated their concerns with environmental hazards. Ohio bids out for contractors in specific maintenance categories. They have one or two companies that they are authorized to call for maintenance work, but they can also use local vendors if needed. They also bid out for specific services. The two examples that they gave were tires and oil changes. They found that these two services can be bid out cheaper than their mechanics can do the work. They said that under the state contract they can get their oil changed for $18. Oversight determined while reviewing vehicle expense reports that the department maintenance shops are charging approximately $33 to $36 for an oil change and lube service. In areas where department vehicles are currently being serviced by outside vendors the charge is approximately $18 to $23. Oversight assumes that there are less expensive maintenance alternatives available, if some or all maintenance procedures were put out for bids.

RECOMMENDATIONS TO FINDING #2

Oversight recommends that the department complete a shop-by-shop analysis of staffing and work load at each department maintenance facility, and eliminate unnecessary maintenance positions.

As an integral part of the staffing analysis Oversight recommends that the department also review the efforts of other states that currently bid out for maintenance services, and if feasible to their operation, implement procedures for the use of outside contractors in as many maintenance services as possible.

Agency Response to Finding #2

We seriously doubt the validity of the data in this finding. We doubt proper consideration has been given to fabrication, equipment processing, and other mechanical work performed at these shops. Four of the Department's maintenance facilities are one-mechanic shops which exist largely for strategic location and ability to provide prompt attention to largely specialized and time critical needs arising in their immediate area, such as repairs to large flooding pumps at the Ted Shanks Conservation Area, for example. Work loads at shops are continually analyzed and we do not agree that any surplus positions exist, in fact some expansion of facilities is needed at two of the maintenance centers.

A major component of the Department's fleet management efficiency is the rate of return on vehicle disposal. All Department surplus property is sold at annual public auctions at each of the three maintenance centers, where returns greater than 100% are not uncommon for equipment. Average return on vehicles exceeds 50%. All surplus property is prepared and organized for sale by maintenance center staff and is a major function of these shops.

Additionally, all vehicles and equipment are received at the three maintenance centers, where they are processed, inventoried, fitted with specialty equipment, and assigned to the end user, also a major function.

Most Department maintenance is handled by the private sector. Only that maintenance deemed to be more cost effective in-house is handled in that manner. The majority of oil changes are handled locally by the private sector. Most oil changes done in-house are performed at headquarters facilities where there are large concentrations of vehicles and staff, where vehicle assignees do not have to invest any time in the service. Time spent by vehicle assignees waiting for vendors to change oil is not considered in the audit findings.

Further, re-refined oil is used in Department shops, as mandated by legislation, and is not available at private sector locations.

Price differences in oil changes noted by the auditor do not take into consideration that oil changes at Operations shops also include filter change, chassis lubrication and general inspection of vehicle systems, including cooling, braking and exhaust, to ensure the vehicle is sound. Oil

changes at outside locations typically are handled by workers who do not provide the additional scrutiny provided by Department shops, which would account for price differences. Operations Division will do an analysis of oil change rates being charged at Operations shops to determine accuracy and cost-effectiveness.

Operations Division has participated in the Conservation Business Management Association for many years and attends annual meetings with nine other state conservation agencies, plus Ontario, where fleet management and procurement policies and trends are discussed in depth. We also maintain active affiliation with St. Louis and Kansas City chapters of the National Association of Fleet Administrators. We believe the current level of in-house maintenance activities is no more than adequate given an overall understanding of Department needs and the fleet management business, and do not agree that more of our maintenance could be effectively contracted out.

Oversight's Comment:

Oversight contends that this finding is valid, as the numbers that are projected here were taken from the Department's monthly maintenance management reports. The records reviewed by Oversight included the number of hours spent by maintenance facilities for the fabrication of parts, and equipment processing. Even with these hours included, department maintenance facilities are under-utilized, and Oversight questions why the department is considering an expansion at two facilities.

FINDING #3:	**Inventory control procedures for maintenance parts and supplies are not sufficient to ensure those assets are safeguarded and used properly.**

Departmental policy defines an inventory item as one having an acquisition cost or fair market value of $250 or more, and also those items identified as sensitive or vulnerable. In addition, a division also has the authority to require any item to be inventoried regardless of cost or value. Department policy does not address the procedures that maintenance personnel should follow regarding the issuance and safeguarding of maintenance parts and supplies. Oversight assumes that maintenance parts and supplies should be classified as vulnerable items given the easy accessibility to them by

maintenance employees, therefore requiring them to be inventoried and controlled like other department assets.

Department maintenance facilities do not conduct an annual inventory of maintenance parts and supplies (e.g., oil filters, tires, spark plugs, etc.). However, parts cards are used by some of the larger maintenance shops for inventory purposes. If a part is requested, it is noted on the card to ensure that parts are ordered in a timely manner. If time permits, the shops may compare the inventory in the parts bins to the control totals on the cards, but an inventory is not conducted on a regular basis. The parts bins are secured at night, but not during the course of the day. Oversight observed that it is a common practice to allow any maintenance personnel to draw parts and then leave a note so that it can be noted later on the parts cards.

Oversight determined during interviews that department personnel feel it would be cost prohibitive to use parts cards or to conduct annual inventories given the size of their operations. The Operations' Division FY 97 budget for parts and supplies at their seven maintenance facilities is approximately $246,000. Oversight assumes that the amount of money spent is large enough to justify that controls be placed on their use, especially since they are pilferable items.

RECOMMENDATIONS TO FINDING #3

Oversight recommends that the department require all maintenance facilities to keep inventory control ledgers for maintenance parts and supplies, and that the department's Internal Auditor conduct unannounced inventory counts of maintenance parts and supplies on a regular basis.

Agency Response to Finding #3

We believe this suggestion is not cost effective and believe shop supervisors are exercising adequate controls. Since four of our shops are one-person shops, we question the benefit of requiring them to keep inventory ledgers.

Shop managers and auditors need only to compare parts purchased to parts used to determine if there is pilferage. Operations will put such analyses into effect on a random basis.

FINDING #4: Procedures regarding certain uses of department vehicles and equipment are not sufficient to ensure that usage is authorized and accurately reported.

Department policy requires that department owned vehicles be used for official purposes only. However, it allows certain instances where employees are allowed to drive vehicles from home to work, as long as that usage is reported on a monthly reporting form within 10 days after the month's end. Department policy does not clearly distinguish when employees are required to report personal usage of department vehicles. It is the responsibility of the immediate supervisor of personnel that are assigned vehicles to ensure that departmental policies on personal vehicle use are enforced. Personnel that are authorized to commute in department vehicles are required to submit a Monthly State Vehicle Use Reporting Form. The number of one-way trips shown on this form is multiplied by $1.50, and is shown as a fringe benefit in gross wages reported on form W-2s. The department is following Office of Administration guidelines for the calculation and reporting of commuting mileage. During interviews with department personnel it was determined that payroll personnel have no method of determining who is required to submit a reporting form on a monthly basis. Oversight also determined that the department has not conducted a review of employee commuting mileage for several years, and that they rely solely on supervisory control to ensure that usage is proper.

Oversight observed instances during fieldwork where employees were driving vehicles to and from work due to an early departure or late arrival when traveling. Department policy allows for this if it is of no cost significance to the department, and as long as that usage is reported on a monthly reporting form within 10 days after the month's end. However, during FY 96 there was not one instance noted where an employee reported mileage of this type. The monitoring of this mileage is the responsibility of the immediate supervisor of the person using this vehicle, but department policies do not provide sufficient guidance on how to apply and enforce it. Oversight also noted instances where employees who live in Jefferson City, but work statewide, were found to be commuting in their vehicles to the office in Jefferson City on Fridays, and also using department vehicles to go to lunch on that day. These employees were not required to report their mileage because they are identified by the department as working out of their home and therefore exempt.

Oversight also noted instances where the usage of department equipment was questionable as to whether it was for personal use or for state business. Oversight personnel observed one instance where a vehicle was driven to lunch by three employees. Although an explanation was given by supervisors for this situation, it took several telephone calls by management to ascertain the use of the vehicle by their employees. When this is coupled with the fact that there is no written approval required for vehicle usage and no log book that is kept for vehicles, there is no assurance that vehicle use is authorized and proper. Oversight also observed an instance where a department boat was used by an employee for a personal camping trip. After several telephone calls it was explained that this usage is considered proper for field personnel, as it allows employees to observe in an inconspicuous manner. Again, as stated above, there are no assurances provided that uses of this nature are authorized in advance and are proper, and department written policies do not address these issues.

During fieldwork, Oversight staff noted that a portion of department boats are devoted solely for public relations purposes. For example, the department allows not-for-profit organizations to use department boats for various functions, and department boats are also used for public fishing and for hunter access to waterfowl blinds. The Missouri Constitution (Article 4, Section 40A) states that the duties of the Conservation Commission are "the control, management, restoration, conservation, and regulation of the bird, fish, game, forestry, and all wildlife resources of the state.....". Oversight questions whether these uses of state owned resources are proper, and whether they relate to the duties of the Commission as stated in the state Constitution.

RECOMMENDATIONS TO FINDING #4

Oversight recommends that policies on personal use of department equipment be re-written so that they clearly state that personal use of state equipment is not allowed, and include penalty provisions if this policy is violated. Department policies should include that every employee allowed use of department equipment maintain a log which clearly distinguishes dates of use, total miles, and business miles/business purpose. Any mileage unaccounted for should be presumed to be personal mileage. This log should be considered department property and surrendered on demand for inspection or archive.

Oversight further recommends that the department review the use of all state owned equipment to ensure that the use is proper and that a benefit is derived by the department from its use.

Agency Response to Finding #4

Department policy clearly mandates that all personal use of Department vehicles is prohibited. This subject is discussed at every new-employee orientation with warnings to employees that violation of this policy could result in disciplinary action and if involved in an accident could result in the employee being liable for damages. We disagree that travel logs are a cost-effective control and believe that controls in place are adequate for proper management. Supervisors are reminded on a frequent basis of the need to enforce this policy. Any violation of this policy is treated as any other violation of Department policy.

Oversight's Comment:

Department policy does state in one section that personal use of department equipment is prohibited. However, the policy is contradictory as it allows exceptions for employees to use department equipment for personal use, and is unclear on the reporting requirements. Based on Oversight's observations of questionable uses of equipment by department personnel, it is clear that management controls are not sufficient to ensure that department equipment is used solely for state business purposes.

FINDING #5:	**Pool vehicles located at the department headquarters are not being utilized to their full extent, resulting in the needless reimbursement of personal mileage.**

Pool vehicle usage was reviewed to determine if requests for vehicle usage were adequate in comparison to the size of the pool, and if they are used to their optimum. According to department policy, employees are encouraged to use department vehicles when conducting official business. Several divisions in the headquarters building have pool vehicles that their employees can sign up to use, and the Operations division has a group of vehicles that employees of all divisions can use. The sign-up sheets for the Operations division pool vehicles were reviewed for FY 96. The average number of days that the vehicles were in use per month was compared to the

number of working days per month. Oversight determined that Operations pool vehicles were used only 61% of the time during FY 96. During interviews, department personnel said that department policy encourages the use of department vehicles so that they are not required to reimburse employees for personal mileage, and that it is a supervisor's responsibility to ensure that their employees use pool vehicles. Personnel also revealed during interviews that some employees never use pool vehicles whether one is available or not, because department policy does not require them to use one (it only encourages them to). Oversight concluded that department policies are not being encouraged or enforced uniformly, and that pool vehicles would be utilized to a greater extent if they were.

Oversight reviewed the reimbursement of personal mileage and found it to be rather high when compared to the availability of pool vehicles. There were a total of 178,439 miles driven in personal vehicles during FY 96 by central office staff, for a total reimbursement of $48,179. Of the 336 FTE at the central office there were 151 employees that were reimbursed for mileage. Of these 151 employees, 13 (8.61%) also have a permanently assigned vehicle. 80,345 miles (45.03%) of the 178,439 total miles were driven by senior department staff. As discussed previously, some employees apparently rarely use department vehicles. During the review of personal mileage reimbursement Oversight found that 30 employees were reimbursed for mileage in 6 of the 12 months reviewed, with 15 employees receiving reimbursement in 9 or more months. Six of these 30 employees received reimbursement for an average of 8,500 miles each.

RECOMMENDATIONS TO FINDING #5

Oversight recommends that department policies require written supervisory approval that a pool vehicle is not available, before employees are allowed to be reimbursed for personal vehicle mileage.

To maximize the use of pool vehicle, Oversight recommends that the department review the usage level of pool vehicles on an annual basis, and require written justification from supervisors for the amount of vehicles in their division's pool.

Agency Response to Finding #5

We disagree that prior written approval for business use of personal vehicles is cost-effective. Significant difference between the cost of mileage

reimbursement and cost to operate Department vehicles has not been established, when all costs are considered. When the cost of written approvals for all mileage reimbursement is added to Department vehicle costs, along with the time spent by mid to upper level administrators checking out pool vehicles for relatively short trips, we believe the cost benefit is not there.

Department of Conservation administrative staff maintains the discretion to determine when mileage reimbursement is in the best interest of the Department.

FINDING #6:	**Policies for the permanent assignment of vehicles are not sufficient to ensure that those vehicles are necessary and will be used to their full capacity.**

Department policy lists the criteria that is required for permanent vehicle assignment. The determination of personnel that require a vehicle is made by each division director, who will consider the duties of an individual, in addition to the other criteria listed in the policy manual. Interviews were conducted with department personnel and the dominant factor for permanent assignment appears to be that vehicles be driven at least 15,000 miles annually. Supervisors will also consider that some employees require specialized equipment (i.e. 4 wheel drive), even though they do not drive 15,000 miles annually. On an annual basis the Operations Division provides each division a listing showing the usage level of all vehicles that they are responsible for. Division directors are asked to review the listing and ensure that anyone that is permanently assigned a vehicle still uses it at the appropriate level. Division directors are responsible for encouraging their employees to use either an assigned or a pool vehicle whenever they travel, but department policies are not sufficient to ensure that permanently assigned vehicles are utilized to the fullest extent, and do not require supervisors to justify permanent vehicle assignments in their division.

The vehicles located at the headquarters building in Jefferson City were analyzed to determine the usage of those vehicles. There are 113 vehicles located at the headquarters building for the 336 FTE assigned there. Of the 113 vehicles, there are 41 pool vehicles available to divisions and 72 vehicles permanently assigned to personnel in the various divisions. Oversight reviewed the usage of permanently assigned vehicles for the 12

month period ending May 31, 1996 and found that of the 72 permanently assigned vehicles, 27 (37.5%) were driven less than the 15,000 miles annually that is required for permanent assignment. Although department policies allow for the permanent assignment of vehicles based on factors other than annual mileage, Oversight assumes that the other allowable exceptions (i.e. specialty vehicles) would not apply to administrative personnel. Of the 72 permanently assigned vehicles in the headquarters building there also are a number of large and specialty vehicles for administrative staff members. Some examples are 4 wheel drive pickups, Jeep Cherokees, Station Wagons and a Chevy Suburban.

144 permanently assigned vehicles in 8 department vehicle classes were reviewed for the 12 month period ending May 31, 1996, to determine the level of usage of those vehicles in comparison with department guidelines for vehicle assignment. These vehicle classes were selected because they represent "street vehicles" as opposed to specialty equipment (e.g. 4 wheel drive trucks etc.). The vehicles selected for review should be driven 15,000 miles annually in order to justify the purchase and assignment of these vehicles. Oversight determined that the average usage for all vehicles in all classes was 13,599 miles. The average of 6 of the 8 classes reviewed did not meet the required average use of 15,000 miles. 89 of the 144 (61.81%) vehicles reviewed did not meet the required 15,000 mile annual usage, of which 35 of 144 (24.31%) vehicles were not even driven 10,000 miles during the 12 month period.

RECOMMENDATIONS TO FINDING #6

Oversight recommends that the Operations Division work in conjunction with other divisions to evaluate low mileage vehicles annually, in order to identify vehicles which can be eliminated or used more efficiently.

In conjunction with the review, Oversight recommends that the Operations Division have the authority to reassign vehicles that have not been utilized properly, and for which there is no longer sufficient justification for its permanent assignment.

Agency Response to Finding #6

Department policy requires that individuals must drive 15,000 business miles annually to qualify for assignment of a vehicle, except in special cases. Operations has provided underutilization reports to division chiefs for

several years and vehicles determined to be underutilized will be reassigned.

We can neither deny nor verify the statistics cited by the Oversight audit, however we will ask for annual written justification for all assignments that consistently fall substantially under the 15,000 mile annual usage rate.

Central Office pool vehicles are consistently driven considerably more than the 15,000 miles and the pool will be expanded to provide vehicles as necessary for those who don't qualify for vehicle assignment.

FINDING #7:	**Vehicle titles, license plates, and gasoline credit cards are not adequately safeguarded.**

When vehicles are turned in by division personnel to be sold at department auction, maintenance employees will remove the license plates and gas credit card from the vehicle. They are then stored together in the parts bin at the maintenance shop, and reissued later with a new vehicle. Department maintenance facilities do not have adequate safeguards in place to ensure the security of license plates and gas credit cards. License plates and credit cards are stored in an open area which is easily accessible, and secured only at night when the shop complex is locked. Oversight observed during a visit to a department maintenance facility that there are numerous times that the parts bin is unattended. There is a potential for theft and misuse of these department resources, due to a lack of controls and procedures.

Vehicle titles are maintained in file cabinets in the Fiscal Unit. The file cabinets have locks, but they are not utilized. During interviews with department personnel, Oversight determined that the department was missing a vehicle title at each of the last two department auctions. Even though the department can apply for, and receive a new vehicle title, there were no controls observed to ensure that this negotiable document is safeguarded.

RECOMMENDATION TO FINDING #7

Oversight recommends that the department implement procedures to ensure that vehicle titles, license plates, and gasoline credit cards are adequately

inventoried and secured. These procedures should also provide for an inventory count of these assets on a semi-annual basis.

Agency Response to Finding #7

We agree with the desirability of securing license plates, gasoline credit cards and vehicle titles. Operations Division will provide security for license plates and credit cards and Fiscal Services Division will do the same for titles.

We question the cost effectiveness of conducting more than a random audit.

FINDING #8:	**Procedures for the review and approval of vehicle expense reports do not provide adequate assurance that vehicle expenses are reasonable and necessary.**

Vehicle maintenance and fuel purchases are recorded on a vehicle expense report which is filled out monthly by each vehicle operator, and sent to the division responsible for the vehicle. The division reviews the reports and sends them to the Operations Division, who have them entered into a database by keypunch personnel. The department had fuel purchases of $1,433,000 in FY 96 which are accumulated on the vehicle expense reports, along with maintenance and repairs done by outside vendors. There are no written procedures established that require a review or an approval signature by division supervisors on vehicle expense reports. In discussions with department personnel, Oversight determined that they feel it is cost prohibitive to require a written approval for vehicle usage or expenses. The department relies on supervisors to ensure that vehicles are used correctly and that charges incurred are appropriate. Oversight assumes that the amount of money expended by the department for vehicle expenses should warrant review and approval by department management.

Oversight determined in discussions with department personnel that the Operations Division does not conduct any review of the vehicle expense reports when they are entered into the database. The only items reviewed would be the expense reports that could not be entered by keypunch due to an error (i.e. a missing item, incorrect beginning mileage, too many gallons of fuel purchased, etc.). These are investigated by the Operations Division and then are sent back to keypunch to be re-entered. The control limits that

cause these errors to occur when entering expense reports were reviewed by Oversight, and found to be inadequate at preventing abuse or misuse. For example, in reviewing one May 1996 vehicle expense report that kicked out an error in keypunch, Oversight determined that the cause of the error was that the vehicle operator had not sent in an expense report for the month of April; however, this was not discovered until the subsequent month.

RECOMMENDATIONS TO FINDING #8

Oversight recommends that the department establish procedures for the review and written approval of vehicle expense reports by division personnel. In addition, Operations Division personnel should review vehicle expense reports on a monthly basis and develop adequate control measurements for use in that review.

To ensure the accuracy of monthly vehicle reports, Oversight recommends that the department's Internal Auditor conduct unannounced inspections which compare actual vehicle mileage to the mileage reported on monthly vehicle expense reports.

Agency Response to Finding #8

We doubt there is much opportunity for fraud with the Monthly Vehicle Expense Reports.

The computer program does kick out reports that fall outside parameters for fuel usage, oil usage, mileage, etc. We will review these parameters to determine if tighter parameters are in order.

Monthly review of more than 1,200 vehicle reports by Operations is not practical.

As for checking odometer readings against reports, this is done on annual inspections, and when maintenance is performed in Operations shops. Entries are made in the reports by Operations personnel when maintenance is performed in these shops.

The computer kicks out reports with abnormal odometer readings.

Vehicles are not accepted for replacement until the odometer shows qualifying mileage.

Vehicle reports are assembled by each division before they are submitted to Operations. This individual, or a supervisor, could sign each report but they could hardly be held accountable for the validity of each report. At some point, employees have to be trusted.

With thousands of vehicle use cycles over many years, we are not aware of a single incidence of fraud in Vehicle Expense Reports.

FINDING #9:	**Internal controls over bulk fuel issue points are not sufficient to ensure that department fuel is used strictly for official business.**

The Department currently operates 34 bulk fuel issue points throughout the state. Any department vehicle can fill up at any of the bulk fuel points, regardless of which division is responsible for the vehicle or which division operates the bulk fuel pump. The bulk fuel issue points are self-service gas pumps. When fuel is dispensed it is recorded on a sheet at the pump by the vehicle operator. At the end of the month the fuel dispensed is reconciled by an employee, and reviewed by the supervisor of the site where the pump is located.

Procedures for the reconciliation of bulk fuel were reviewed to determine if there are adequate controls on fuel usage to prevent and identify misuse by employees. Oversight determined that there is not enough separation of duties to provide adequate controls over the one bulk fuel point that was reviewed. During the review Oversight found that 4 different personnel have keys to access the pump, and one of those personnel also does the monthly reconciliation. This same individual also orders and generally receives the fuel when it is delivered. During the review of monthly reconciliations the supervisor of the area where the pump is located said that they do not get concerned about a variance until it approaches 100 gallons. Monthly reconciliations were reviewed by Oversight for FY 96, and in 3 of the 12 months the variance exceeded 100 gallons. In all 3 months the supervisor signed off on the reconciliation form as being reviewed and approved. On one of the 3 reconciliation forms it was written that the pump was left on over two weekends. The supervisor was interviewed to determine what procedures they perform to investigate the variances. Oversight determined that they do not have any formal investigative methods that they employ, and the employees involved only receive a verbal

reprimand. The reason given was that since several people have keys and the gas pump is run on the "honor system", they were not able to determine what caused the variances.

RECOMMENDATIONS TO FINDING #9

Oversight recommends that the department limit the number of personnel that have keys accessing bulk fuel pumps, and that the department provide for separation of duties for employees involved in transactions with bulk fuel.

Since fuel is a highly pilferable item, Oversight recommends that the department study the possibility of using automated fueling systems for their bulk fuel points. These fueling systems can provide additional benefits such as eliminating manual record-keeping, providing information on fuel usage by individual vehicle, and deterring theft.

Agency Response to Finding #9

We have reduced the number of fueling stations over the years. We continue to look at possibilities for reducing the number of fueling stations.

Management of fueling stations is handled by site coordinators and perhaps these procedures need to be tightened. The internal auditor will perform unannounced audits of these operations.

We agree the opportunity for pilferage may exist in some operations, however, the cost of investigations probably can be justified only when patterns of shortages develop, and patterns should be discernible with current methods.

The cost of purchasing, maintaining and operating automated pump systems as suggested cannot be justified from a pilferage standpoint. Minimum cost of reader equipment alone would exceed $5,000 per station. Cost of annual maintenance of these facilities could exceed 10% of initial cost.

FINDING #10: A review of flight records indicated that the department does not have sufficient procedures for the review and approval of flights in department aircraft.

The department currently owns and operates three aircraft and a helicopter (which was leased until FY 97). The three Cessna aircraft have a seating capacity (including pilot) of 4, 5, and 8 passengers, and the helicopter has a seating capacity (including pilot) of 4. The Operations Division is the coordinator of all aircraft usage requests. When department personnel call and request an aircraft, Operations personnel will ask for the date, number of passengers, destination, return date and time, and the purpose of the flight. If the flight does not sound reasonable, they will ask the requestor to get Division Chief or Assistant Department Director approval for the flight. A flight schedule is then filled out and faxed to the department flight facility. Department pilots will also occasionally request that higher approval be granted for a flight if they feel that the flight might not be reasonable.

Oversight conducted interviews with personnel and determined that any department employee can request to fly to any destination if they provide sufficient justification. Department policy requires the employee requesting the flight to secure the proper authorization when they request use of department aircraft. Policy also requires that consideration be given to travel by other methods, and that department aircraft should only be used if it results in economy, efficiency or a marked advantage to Department operations. Department policy and procedures do not require a written approval or cost justification for a flight, and do not require supervisory approval unless a flight "appears" to be unnecessary or excessive in cost. While conducting interviews Oversight determined that supervision is relied upon to enforce department policies and to ensure that flights are appropriate. Oversight could not determine what rationale department supervisors use to determine that a flight is cost effective and reasonable. Since they do not conduct any cost analysis, it appears to be a judgement call as to whether a flight is necessary. There were a total of 1,977 flight hours logged in department aircraft in FY 96. At a cost of $170 to $510 per hour (depending on the plane used), Oversight assumes that the Department of Conservation should conduct a sufficient review before any flights are authorized.

Oversight reviewed 173 flight requests for the months of May 96 - August 96 to determine if there was sufficient justification for the use of department aircraft. Of the 173 requests that were reviewed, only 50 (28.90%) had a justification for the flight written on the flight schedule. None of the requests reviewed had a signature indicating that supervisory approval for the flight had been granted. The justification for 39 of these 50 appear to be for legitimate uses of the aircraft, examples would include: Aerial photos, land surveys, mapping, telemetry, law enforcement, and animal surveys. However, there were 11 justifications that were considered to be questionable uses of department aircraft. Some examples include:

-- The helicopter was flown twice for static displays.
-- The helicopter and a chartered plane were flown round trip from Jeff City to Eagles Bluff. This flight included 2 non-department personnel. It was unclear whether the department required a chartered plane in addition to the helicopter because of the 2 non-department passengers.
-- The helicopter was flown to take aerial photos. The person requesting the flight also brought along his son.
-- The 8 passenger plane was flown to Cape Girardeau so that department personnel could attend the funeral of an elected official.
-- The 4 passenger plane was flown to Cape Girardeau (purpose unknown) and the 2 department personnel requested that the pilot wait for them so that they could attend a barbecue that evening.

RECOMMENDATION TO FINDING #10

Oversight recommends that the department require a written request from employees who want to use department aircraft, and that supervisory approval be indicated on the request. This request should include a justification for the flight, and a cost analysis that shows that the flight is the most economical method of travel.

Agency Response to Finding #10

We disagree that written flight approvals and cost analyses are cost-effective management tools.

The Oversight auditor "assumes" no cost comparison analysis is done for flights. We take exception to this comment and believe cost comparison analysis is done routinely on any flight which is questionable. A written report of the analysis is not filed, but should not be necessary. We believe sufficient review is conducted.
Persons requesting flights routinely are told the cost of the flight so they can evaluate its cost effectiveness and so advise the division chief, who has authority to approve the flight.

Division chiefs are advised by the Operations Chief when a flight seems questionable and the managing division chief must then approve or disapprove the flight.

The Department flew 581 missions in FY 96. We do not find the five "questionable" examples cited by the Oversight auditor outside the authority of Department Administration and believe if these are the most serious of allegations, the audit provides a good testimonial for our flight program. Some of the data cited here is incorrect. A chartered plane was not flown round trip from Jefferson City to Eagle Bluffs, for example, and the flights in this example were well justified in our view.

Department policy requires a comparison of flight costs to those of commercial planes in every instance where it is practical. Perhaps a written summary, conducted by the person requesting the flight, when comparing use of Department planes to commercial planes could be filed for those flights, however we do not believe the requirement would result in fewer Department flights and we see no reason to create such a file. In those cases where we doubt the validity of a comparison with commercial flights, we conduct a second analysis, only to have the first one confirmed invariably.

Department policy permits non-Department employees as passengers on scheduled flights when seats are available. All such flights must receive advance approval from the Operations Division Chief.

Oversight's Comment:

Oversight interviewed all pertinent department employees involved in flight approvals. Not one individual interviewed could describe what method they

used to determine whether a flight was cost effective. Oversight assumes that if the department is conducting cost comparison analysis on a regular basis for flights, that employees should be able to describe the process that is used to arrive at those decisions.

FINDING #11: Department aircraft are not utilized in an efficient manner, resulting in unnecessary additional expenditures for rental and charter aircraft.

Department aircraft usage was reviewed to determine if aircraft are utilized efficiently and whether there is excessive down-time. Oversight calculated the total possible work days for FY 96 for the four department pilots, and then compared it with the number of days flown as shown in the monthly pilot flight reports. Calculations revealed that there were 743 available flight days in FY 96, and that department aircraft were flown a total of 569 (76.58%) days. Oversight was not able to determine the cause of the 174 flight days that pilots were inactive. Some of the down-time can be attributed to inclement weather, but there were not any records that could substantiate the number of times that this situation occurred. Due to the lack of recordkeeping Oversight was not able to determine if the remaining time was due to the pilot waiting on their party (i.e. overnight stays), or if it was due to a lack of requested flights. Monthly pilot flight reports for FY 96 were reviewed; and Oversight found that of the 581 total flights, there were 226 (38.90%) flights that had only one person on board. Since there is not a written cost analysis performed, Oversight could not determine if these flights with only one person on board were cost effective. However, at a cost of $170 to $510 per hour (depending on the plane used), it is reasonable to assume that in most cases it cannot be cost effective to fly only one person to a destination.

The monthly summary of flight activities was reviewed for FY 96, to determine how much time department aircraft spend transporting administrative personnel. There were a total of 1,977 flight hours logged in FY 96, of which 767.8 hours (38.82%) were devoted solely to transporting personnel. Of those 767.8 hours, there were 321 hours (16.23% of the total hours logged) that were devoted solely to transporting Commissioners and Department Director staff.

A review of records revealed that there were a total of 9 rental and 6 charter flights for department personnel during FY 96, at a total cost of $10,949.30. Oversight found that 5 of these 15 flights only had one passenger on board, and 11 of the 15 flights were for either current or former Conservation Commissioners. The other four flights were for senior department staff members. On 4 of the 15 flights Oversight noted that there were other department aircraft idle on that date. The reason given for the use of a rental or charter in 3 of those 4 cases was that department policy prohibits the use of single engine aircraft during the hours of darkness, and these flights were scheduled during those hours. On the fourth flight the department reasoned that it was less expensive to rent a smaller plane than to fly the 8 passenger plane with only one person on board, even though there were numerous flight records for this plane in FY 96 where there was only one person on board. Department policy does not address the use of rental and charter aircraft. Oversight determined in interviews with department personnel that it is the responsibility of flight personnel to determine whether rental and charter flights are appropriate, and that no written approval is required.

Department policies and procedures for aircraft usage by non-department personnel were reviewed by Oversight and found to be inadequate. Current policy is that non-department personnel may travel in department aircraft when space is available. The travel must be approved by the Operations Division Chief. During interviews with department personnel, Oversight determined that the main criteria used to determine approval for non-department personnel is whether there is a benefit to the department from the flight and whether there is any additional cost as a result. If there is additional cost to the department then there must be a significant benefit derived before approval is given. Oversight also determined that there is not a written approval for these flights, and a cost analysis is not performed. In reviewing flight requests for non-department personnel, Oversight was not able to determine what analysis department personnel performed before approving these requests. There also was not an approval indicated in the file for any of the flights containing non-department personnel. In FY 96 there were a total of 30 flights on which 57 non-department personnel were passengers. Seven of those 30 flights were to out-of-state locations. The total cost of the 30 flights containing non-department passengers was $25,805.30. The following is a summary of the non-department personnel that flew in Conservation Department aircraft: employees from several state departments, personnel of several private wildlife foundations, personnel

from various federal wildlife agencies, consultants, conference speakers, a CBS television photographer, faculty from several Missouri Universities (which included transporting a faculty member who is a spouse of a department employee), and a flight in the department helicopter which included an employee's son.

RECOMMENDATIONS TO FINDING #II

Oversight recommends that the department develop written policies regarding the use of rental and charter aircraft in their flight operations. In addition, the department should clarify their policy on the use of department aircraft by non-department personnel. This clarification should include provision for written approval by management, and should include a description of the benefit to the department from the flight.

Agency Response to Finding #II

We fly only one person to a destination only when it is necessary, and rarely if ever in a $510 per hour aircraft, as alleged. We strongly discourage flights with one passenger except for Administrative staff or when time is of the essence.

We do follow strictly our policy which prohibits flying single-engine airplanes after hours of darkness and contribute our more than 50-year record of flying without an accident to rules such as this and other good management practices.

Again, the assertion that cost analyses are not performed is an assumption because they are not filed. For the vast majority of flights, detailed written cost analyses are not necessary because of our many years of experience in determining the cost-effectiveness of flights, and requiring them would only add costs to the flight program. We believe current controls represent responsible cost-effective management practices and provide flexibility necessary for cost-effective operations. We do not consider fifteen rentals and charters in one year to be excessive.